

Certified Public Accountants

Single Audit Reports in Accordance with
OMB Circular A-133 and the Florida Single
Audit Act
Year Ended September 30, 2009

Contents

Independent Auditor's Report on Internal Control Over financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards	1 – 2
Independent Auditor's Report on Compliance With Requirements Applicable to Each Major Federal Program and State Project and on Internal Control Over Compliance in Accordance With OMB Circular A-133 and Chapter 10-550, Rules of the Auditor General, State of Florida	3 – 5
Schedule of Expenditures of Federal Awards and State Financial Assistance	6 – 7
Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance	8
Schedule of Findings and Questioned Costs	9 – 14
Summary of Schedule of Prior Audit Findings	15 – 16

Compliance and Other Matters

As part of obtaining reasonable assurance about whether MDT's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of MDT in a separate letter dated February 12, 2010.

This report is intended solely for the information and use of the Honorable Mayor, the Members of the Board of Commissioners of the County, management of MDT, and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

McGladrey & Pullen, LLP

Miami-Dade County, Florida
February 12, 2010

In our opinion, except for the noncompliance described in the preceding paragraph, MDT complied, in all material respects, with the requirements referred to above that are applicable to its major federal program and its major state project for the year ended September 30, 2009. The results of our auditing procedures also disclosed other instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133, and which are described in the accompanying schedule of findings and questioned costs as items CF 2009-01 and CF 2009-02.

Internal Control Over Compliance

The management of MDT is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs and state projects. In planning and performing our audit, we considered MDT's internal control over compliance with requirements that could have a direct and material effect on a major federal program or major state project in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of MDT's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies and one that we consider to be a material weakness.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program or state project on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program or state project such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program or state project that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items IC 2009-01, IC 2009-02 and IC 2009-03 to be significant deficiencies.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by any entity's internal control. Of the significant deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs, we consider item IC 2009-03 to be a material weakness.

MDT's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit MDT's response and, accordingly, we express no opinion on it.

Schedules of Expenditures of Federal Awards and State Financial Assistance

We have audited the basic financial statements of MDT, an enterprise fund of Miami-Dade County, Florida, as of and for the year ended September 30, 2009, and have issued our report thereon dated February 12, 2010. Our audit was performed for the purpose of forming an opinion on the basic financial statements. The accompanying schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by OMB Circular A-133 and Chapter 10.550, *Rules of the Auditor General* and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the Honorable Mayor, the Members of the Board of Commissioners of the County, management of MDT and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

McGladrey & Pullen, LLP

Miami-Dade County, Florida
February 12, 2010

Miami-Dade County Transit Department

**Schedule of Expenditures of Federal Awards and State Financial Assistance
Year Ended September 30, 2009**

Federal Grantor/State Agency	CSFA No.	Grant	Grant/Contract Number	Expenditures
Florida Department of Transportation				
Transportation Disadvantaged Commission:				
Fiscal Year 09	55.001	MTTD09	AP681	\$ 5,463,378
Fiscal Year 10	55.001	MTTD10	AP777	1,683,618
				<u>7,146,996</u>
Commuter Assistance – Dade Monroe Express	55.007	MTNU28	ANU28	<u>102,427</u>
County Incentive Grant Prog – Miami Gardens	55.008	MTOB59	AOB59	<u>12,012</u>
Public Transit Block Grant Program	55.010	411411	AP777	<u>18,014,777</u>
Public Transit Service Development Program:				
Beach Max	55.012	MTO637	AO637	<u>5,000</u>
Transit Corridor Program:				
South Miami-Dade Busway	55.013	MTE199/MTJ309	AE-199	84,838
Flagler Max Bus Route	55.013	MTK441	AK441	450,000
South Dade Busway Routes	55.013	MTO599	AO559	450,000
				<u>984,838</u>
Intermodal Development Program:				
University Pedestrian Overpass	55.014	MTOR18	AOR18	<u>(89,898)</u>
New Starts Transit Program:				
Smart Signage System	55.017	MTNG77	ANG77	23,203
Earlington Heights MIC	55.017	MTNW95	ANW95	6,498,089
Urban Capital Facility Improvement	55.017	MTNX67	ANX67	284,438
				<u>6,805,730</u>
Total State Financial Assistance				<u>32,981,882</u>
Total Expenditures of Federal Awards and State Financial Assistance				<u>\$ 96,838,448</u>

See Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance.

Miami-Dade County Transit Department

Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance Year Ended September 30, 2009

1. General

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance (the "Schedule") presents the activity of all federal awards and state projects of the Miami-Dade County Transit Department ("MDT") for the year ended September 30, 2009. All federal awards and state financial assistance received directly from federal and state agencies, as well as federal and state awards passed through other government agencies are included in the accompanying Schedule. MDT's reporting entity is described in Note 1 to the financial statements.

2. Basis of Presentation

The Schedule has been prepared on the accrual basis of accounting. This basis of accounting is described in Note 2(a) to MDT's financial statements.

Miami-Dade County Transit Department

**Schedule of Findings and Questioned Costs
Federal Awards Programs and State Projects (Continued)**

State Financial Assistance

Internal control over major projects:

Material weakness(es) identified? _____

Yes

X

No

Significant deficiency(ies) identified that are
not considered to be material weakness(es)? _____

Yes

X

None reported

Type of auditor's report issued on compliance for
major projects:

Unqualified

Any audit findings disclosed that are required
to be reported in accordance with Chapter 10.550,
Rules of the Auditor General? _____

Yes

X

No

Identification of major projects:

State CSFA No.

55.010

Name of State Projects

Florida Department of Transportation:
Public Transit Block Grant Program

Dollar threshold used to distinguish between type
A and type B programs:

\$989,456

Miami-Dade County Transit Department

**Schedule of Findings and Questioned Costs
Federal Awards Programs and State Projects (Continued)**

IC 2009-02 Reporting

**U.S. Department of Transportation –
Federal Transit Cluster (CFDA No.'s 20.500 & 20.507)**

Criteria: Code of Federal Regulations ("CFR") Title 49 Section 26 requires that non-Federal entities receiving Federal awards implement appropriate mechanisms to ensure compliance by all program participants. Those mechanisms should include a running tally of actual Disadvantage Business Enterprise ("DBE") attainments and a means to compare those attainments to commitments. The commitments and attainments (payments actually made) must be displayed in the semi-annual report to the funding agency. In addition, A-102 Common Rule requires that non-Federal entities receiving Federal awards establish and maintain internal control designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements.

Condition: We noted that, 1) amounts awarded and/or committed during the 2009 fiscal year and 2) the number of DBE's reported reflected on the semi-annual report did not agree to supporting documentation and there was no evidence of an approval of the semi-annual DBE report .

Questioned costs: Not applicable.

Context: We noted that 1 of 2 DBE semi-annual reports did not reconcile or agree to supporting documentation and did not have evidence demonstrating an approval.

Effect: Inadequate review of The Uniform Report of DBE Awards or Commitments and Payments for the first 6 months of the year resulted in an inaccurate report being submitted to the funding agency. Further, MDT could face sanctions in accordance with 49 U.S.C. chapter 53 (as amended by the Safe, Accountable, Flexible, Efficient Transportation Equity Act - SAFETEA-LU) or applicable Federal Transit Administration program requirements.

Cause: Management did not review all supporting documentation for the items being reported in the semi-annual report.

Recommendation: We recommend that MDT adopt review procedures that would require amounts being reported in the DBE report to be reconciled or compared with information in the supporting documentation before submitting the report to the grantor. Each report should be subject to a supervisory review and such review should be evidenced on the report.

Views of responsible officials and planned corrective action: Management concurs with the auditor's observations and recommendations. The Transit Administrative Policy and Procedures (TAPP) will be revised to reflect and incorporate these recommendations. A corrected report was re-submitted to the FTA and FTA was informed to disregard the previous submittal. The revised report was read by the auditors and no further discrepancies were identified.

Miami-Dade County Transit Department

**Schedule of Findings and Questioned Costs
Federal Awards Programs and State Projects (Continued)**

B. Compliance Findings

**U.S. Department of Transportation –
Federal Transit Cluster (CFDA No. 20.500 & 20.507)**

CF 2009-01 – Allowable Costs

See IC 2009-01

Views of responsible officials and planned corrective actions: Management concurs with the recommendation. See IC 2009-01 for detailed views of responsible officials and planned corrective actions.

CF 2009-02 – Reporting

See IC 2009-02

Views of responsible officials and planned corrective actions: Management concurs with the recommendation. See IC 2009-02 for detailed views of responsible officials and planned corrective actions.

CF 2009-03 – Procurement

See IC 2009-03

Views of responsible officials and planned corrective actions: Management concurs with the recommendation. See IC 2009-03 for detailed views of responsible officials and planned corrective actions.

Miami-Dade County Transit Department

Summary Schedule of Prior Audit Findings (Continued)
Fiscal Year Ended September 30, 2009

II – Findings and Questioned Costs for Federal Award Programs and State Financial Assistance Projects

Internal Control and Compliance Finding

IC 2008-01 and CF 2008-01 U.S. Department of Transportation – Federal Transit Cluster (CFDA No. 20.500 & 20.507)

Reporting

Current Year's Status: Finding was corrected.